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Message Text

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ORIGIN STR-07

INFO OCT-01 EUR-12 IO-13 ISO-00 L-03 AGRE-00 CIAE-00
COME-00 EB-08 INR-10 LAB-04 NSAE-00 SP-02 TRSE-00
FRB-03 OMB-01 AF-10 ARA-10 EA-10 NEA-10 OIC-02
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DRAFTED BY STR:MBSMITH:ATN
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----------082472 111149Z /46
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FM SECSTATE WASHDC
TO USMISSION GENEVA
INFO AMEMBASSY BRUSSELS

C O N F I D E N T I A L STATE 173989

USEC

E.O. 11652: GDS

TAGS: ETRD

SUBJECT: TEXTILES: CONVERSATION WITH EC TSB REP

1. PHELAN AND SMITH MET WITH IVAN KLARIC, EC TSB REP, ON JULY 6 IN GENEVA TO DISCUSS A NUMBER OF BILATERAL AND MULTILATERAL TEXTILE ISSUES.

2. KLARIC INDICATED THAT IT WAS UNLIKELY THAT HE WOULD BE REPLACED BY A FULL TIME EC REP TO THE TSB IN THE NEAR FUTURE. IT APPEARS THAT THE ITALIAN NOMINEE, DE MARTINO, IS NEITHER HAPPY WITH THE WORKLOAD ENVISAGED OR THE PAY OFFERED EVEN THOUGH HE HAS A CONTRACT WITH THE COMMISSION UNTIL THE END OF THE YEAR. KLARIC ALSO INDICATED THAT DE MARTINO WAS NOT UP TO THE JOB INTELLECTUALLY. AS A RESULT KLARIC ENVISAGES COMMUTING BETWEEN BRUSSELS AND GENEVA AS

THE EC NOTIFIES ITS BILATERAL AGREEMENTS IN THE ENSUING MONTHS. - -

3. ON THE EC SUBMISSION OF ITS BILATERALS, KLARIC INDICATED IT WAS AN "80 PERCENT CHANCE" THAT NEXT WEEK IT WOULD "COMMUNICATE" 1, 2 OR 3 OF ITS LESSER BILATERALS TO THE TSB FOR INFORMATION PURPOSES BUT THAT THERE WOULD NOT BE FORMAL

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SUBMISSIONS INASMUCH AS SEVERAL MEMBER STATES (COMMENT: PRESUMABLY FRANCE AND THE UNITED KINGDOM) HAD NOT YET GIVEN THE COMMISSION THEIR APPROVAL. INTERESTINGLY KLARIC SAID THAT HONG KONG AND KOREA ARE PRESSING THE COMMUNITY NOT TO SUBMIT THEIR BILATERALS WITH THE COMMUNITY AT AN EARLY DATE. INDEED KLARIC WENT ON TO SAY THAT BOTH HONG KONG AND KOREA HAVE ASKED THE COMMUNITY TO DELAY AS LONG AS POSSIBLE SUBMITTING THESE AGREEMENTS. (COMMENT: PHELAN AND SMITH INTEND TO EXPLORE THIS FURTHER SEPARATELY WITH HONG KONG AND KOREA. WE SUSPECT ONE REASON BOTH HONG KONG AND KOREA ARE ASKING THE EC TO DELAY MAY BE THAT THOSE TWO BILATERALS ARE WORSE THAN WE HAD ORIGINALLY THOUGHT VIS-A-VIS OUR BILATERALS WITH THOS TWO COUNTRIES.) KLARIC GAVE NO INDICATION AS TO WHEN THE VAST MAJORITY OF THE EC'S BILATERALS WOULD BE SUBMITTED TO THE TSB FORMALLY, BUT WE GATHERED FROM THE CONVERSATION THAT THIS WOULD BE A FOUR TO SIX MONTH PROCESS. THIS IS OBVIOUSLY SOMETHING WE MUST DISCUSS AT THE TRILATERAL MEETING IN JAPAN. END COMMENT)

4. KLARIC CONFIRMED THAT THE COMMUNITY WOULD PARTICIPATE IN THE TRILATERAL MEETING ON 28 AND 29 JULY AND, INTERESTINGLY, INDICATED THAT THE KOREAN GOVERNMENT HAS INVITED THE EC TEXTILE DELEGATION TO SEOUL, ALL EXPENSES PAID, INCLUDING ACTIVITIES FOR THE DELEGATION'S WIVES. THIS VISIT IS TO TAKE PLACE JUST PRIOR TO THE TRILATERAL MEETING.

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5. WE MAY HAVE SCORED SOME BREAKTHROUGH WITH THE COMMUNITY REGARDING THE CERTIFICATES OF ORIGIN PROBLEM. WHEN SMITH EXPLAINED THAT ACCORDING TO THE KNOWLEDGE WE HAD AT THIS TIME THE UNITED STATES GOVERNMENT COULD NOT ISSUE CERTIFICATES OF ORIGIN NOR COULD THE UNITED STATES GOVERNMENT OVERSEE CHAMBERS OF COMMERCE ISSUING SUCH CERTIFICATES, KLARIC STATED THAT A SIMPLE STATEMENT BY THE EXPORTER ON THE NORMAL EXPORT INVOICE SHOULD BE SUFFICIENT FOR THE COMMUNITY'S NEEDS. HE SAID HE WOULD RAISE THIS WITH PAUL TRAN NEXT WEEK AFTER TRAN RETURNS FROM HIS VACATION IN SPAIN, BUT HE (KLARIC) DID NOT FORESEE ANY PROBLEM IN THIS SIMPLE STANDARD PROCEDURE. (COMMENT: USEC BRUSSELS MAY WISH TO FOLLOW UP ON THIS WHEN TRAN RETURNS TO CONFIRM WHETHER THE STANDARD STATEMENT ON A STANDARD EXPORT CERTIFICATE WILL SUFFICE AS A CERTIFICATE OF ORIGIN AS FAR AS THE COMMUNITY IS CONCERNED.

6. RULES OF ORIGIN WERE NOT DISCUSSED OTHER THAN PHELAN AND SMITH STATING THAT THIS REMAINS A MAJOR PROBLEM AND OTHER THAN KLARIC AGREEING AND SAYING THAT AFTER ALL THESE RULES HAVE BEEN ON THE BOOKS FOR A NUMBER OF YEARS.

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7. KLARIC INDICATED THAT THE COMMUNITY IS MAKING EVERY EFFORT TO REMOVE NON-MFA PRODUCTS FROM THE BILATERALS AS A FOLLOW UP FROM THE SAN FRANCISCO TRILATERAL. HE INDICATED THERE WAS NO PROBLEM WITHIN THE COMMISSION IN DOING THIS OR WITHIN THE MEMBER STATES BUT THAT THE PROBLEM MAY BE WITH THEIR BILATERAL PARTNERS, RUMANIA AND HUNGARY, BECAUSE OF BUREAUCRATIC REASONS. WE IMPRESSED UPON KLARIC THE IMPORTANCE OF HAVING THESE NON-MFA ITEMS TAKEN OUT OF THE EC BILATERALS JUST AS WE HAD TO THE SWEDISH REP YESTERDAY. (SEE GENEVA 10130.) (COMMENT: THE ONLY NON-MFA PRODUCT WE UNDERSTAND IN THE EC BILATERALS WITH HUNGARY AND RUMANIA IS LINEN ALTHOUGH THERE MAY BE SOME RUBBERCOATED (RUBBER/TEXTILE) PRODUCTS WHOSE CHIEF VALUE OR CHIEF WEIGHT IS RUBBER.
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8. COMMENT: THE MOST IMPORTANT AND UNSETTLING PORTION OF OUR CONVERSATION WITH KLARIC WAS THE BIT ABOUT HONG KONG AND KOREA PRESSURING THE COMMUNITY NOT TO SUBMIT THOSE TWO BILATERALS. HONG KONG FOR ONE KNOWS THAT WE ARE UNDER CONSIDERABLE DOMESTIC PRESSURE TO MAKE PUBLIC A COMPARISON BETWEEN OUR BILATERAL WITH HONG KONG AND THE COMMUNITY BILATERAL WITH HONG KONG. WE ALREADY HAVE SOME INDICATIONS THAT THE TWO BILATERALS MAY NOT BE GENERALLY COMPARABLE AND THE FACT THAT HONG KONG AND KOREA ARE TRYING TO DELAY "GOING PUBLIC" WITH THE EC BILATERALS MAY INDICATE THAT THERE ARE OTHER YET UNKNOWN PORTIONS OF THE BILATERALS WHICH WILL CAUSE THE UNITED STATES CONSIDERABLE PROBLEMS. HONG KONG SPECIFICALLY MAY HAVE IN MIND THE FACT THAT THIS YEAR IN THE U.S.-HONG KONG BILATERAL THERE IS A STANDSTILL AND THAT THE UNITED STATES MAY PRESS FOR A STANDSTILL NEXT YEAR IF THE EVIDENCE SHOWED GROSS INEQUITIES BETWEEN THE U.S. AND EC BILATERALS. THIS IS SOMETHING WE WILL FOLLOW UP CLOSELY IN THE DAYS AHEAD. END COMMENT. VANCE

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